

Alaska Visitor Statistics Program V

Interim Visitor Volume Report

Summer 2008

Prepared for:
State of Alaska

*Department of Commerce, Community
and Economic Development
Office of Economic Development*



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Key Findings

Visitor Volume, Summer 2008

Just over 1.7 million out-of-state visitors came to Alaska between May and September, 2008. About half of these visitors (49 percent) exited the state via cruise ship; 47 percent exited via air; 4 percent exited via highway; and 1 percent exited via ferry. (These percentages add to 101 percent due to rounding.)

Because some cruise ship visitors exit the state by air after completing their cruise, it is also useful to consider volume in terms of cruise and non-cruise visitors. As the chart below shows, 61 percent of all summer visitors spent at least one night on a cruise ship while in Alaska.

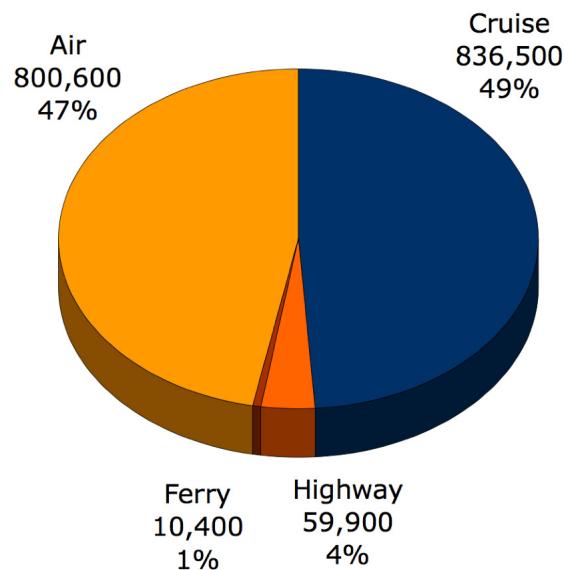
Changes 2007-2008

Visitation to Alaska dropped by 0.4 percent between summer 2007 and 2008. Most of the drop is attributable to a 1.3 percent decrease in air passenger exits (a drop of 11,000 visitors). Highway exits fell by 6.8 percent (4,400 visitors), and ferry exits fell by 2.8 percent (300 visitors). The only growth since 2007 was in cruise passenger exits, which increased by 1.1 percent (from 827,800 to 836,500 passengers).

Compared to 2007, non-cruise visitors dropped by 1.5 percent in summer 2008, from 684,300 to 674,300 visitors. This follows a 1.7 increase between 2006 and 2007.

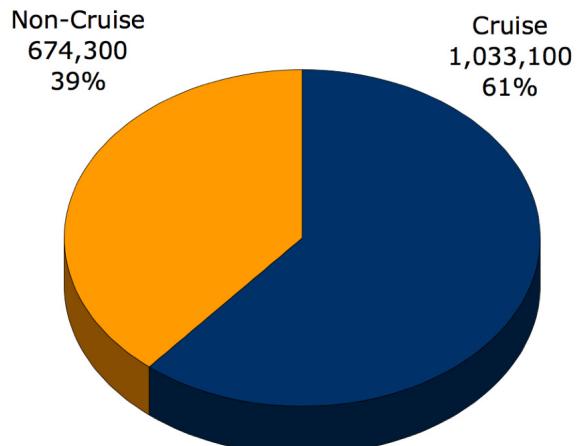
Likely factors in the drop in visitation include the recent economic recession as well as the high price of gasoline throughout summer 2008. While there is some evidence that the weakening US dollar attracted more international visitors than in the past, the increases among this small market could not fully make up for drops in the (much larger) domestic market.

Alaska Visitor Volume, Summer 2008 By Exit Mode



Total Visitor Volume: 1,707,400

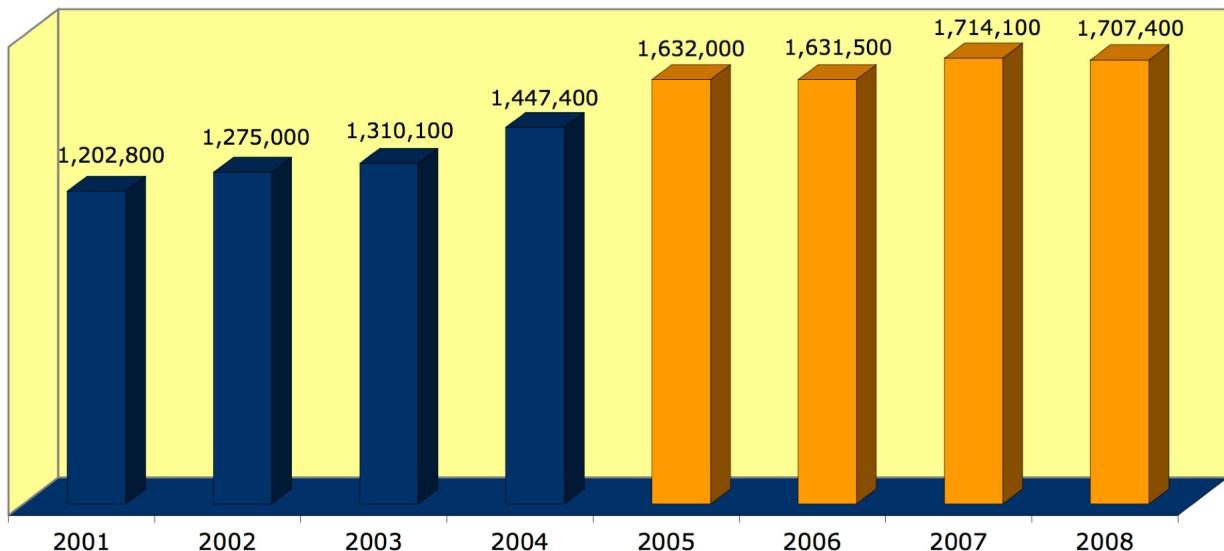
Cruise Market Share, Summer 2008



Visitor Volume Trends

The chart below shows trends in estimated visitor volume, measured by mode of entry (2001-04) and exit (2005-08). Visitation increased by 42 percent between 2001 and 2008. (Although there appears to be a more significant increase between 2004 and 2005, this likely reflects updated data sources and methodology rather than a jump in visitation.) Between 2007 and 2008, visitor traffic dropped by 0.4 percent, despite a slight increase in cruise passenger traffic.

Summer Visitor Volume to Alaska, 2001-2008



Sources: 2001-04 data from *Alaska Visitor Arrivals* studies (conducted by Northern Economics, Inc.); 2005-08 data based 2006 visitor/resident ratios obtained for AVSP V (conducted by McDowell Group, Inc.).

Introduction

This report provides visitor volume estimates for Alaska between May 1 and September 30, 2008. Volume estimates are based on data collected for *Alaska Visitor Statistics Program V*, a study administered by the Alaska Department of Commerce, Community and Economic Development. The estimates are compiled using two sets of data: exiting traffic data (ferry embarkations, airplane enplanements, cruise passenger traffic, and highway border crossings) and visitor/resident ratio data (the ratio of out-of-state visitors to Alaska residents exiting Alaska, by traffic mode, location, and month).

Summer ratio data was collected during the AVSP V summer study period, between May 1 and September 30, 2006. Nearly 50,000 travelers were tallied by survey field staff during this period. Ratios collected during 2006 were applied to 2008 traffic data to arrive at the estimates in this report.

A detailed description of the methodology employed in the visitor volume estimates can be found in the full AVSP V Summer and Fall/Winter reports, available at: www.dced.state.ak.us/oed/toubus/home.cfm

The AVSP V study team would like to acknowledge the following entities for their assistance with the project.

Alaska Travel Industry Association
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Yukon Department of Tourism and Culture
Cruise Line Agencies of Alaska
US Customs and Border Protection, Skagway border station

Visitor Volume, Summer 2008

Visitor Volume

Alaska received just over 1.7 million out-of-state visitors between May and September 2008. The table below shows how visitor volume breaks down by the transportation mode used to exit the state. The most common exit mode was cruise ship, accounting for 836,500 of visitor exits. (The total number of cruise ship visitors in summer 2008 was 1,033,100; approximately 200,000 of these visitors exited via other modes, predominately air, after completing their cruise.) The other major exit mode was air, accounting for 800,600 visitors. Highway and ferry combined accounted for just over 70,000 visitors. (Many highway visitors exit the state by ferry, and vice versa.)

Visitor Volume, by Exit Mode
AVSP V - Summer 2008

Exit Mode	Number of Visitors
Cruise ship ¹	836,500
Air	800,600
Highway	59,900
Ferry	10,400
Total	1,707,400

¹ The total number of cruise ship visitors to Alaska in Summer 2008 was 1,033,100; approximately 200,000 of these visitors exited Alaska via other modes.

Out of the total 1.7 visitors in summer 2008, the vast majority (1.4 million) were traveling for vacation or pleasure. The second most-common trip purpose was visiting friends or relatives, accounting for over 150,000 summer visitors. Those traveling for business only accounted for 85,400 visitors, and those combining business and pleasure accounted for nearly 70,000. (These figures are derived from applying trip purpose rates by exit mode from the summer 2006 AVSP survey to 2008 volume figures.)

Visitor Volume, by Trip Purpose
AVSP V - Summer 2008

Trip Purpose	Number of Visitors
Vacation/pleasure	1,400,100
Visiting friends/relatives	153,700
Business	85,400
Business/pleasure	68,300
Total	1,707,400

Note: Column does not add to total due to rounding.

Total Traffic

"Total traffic" refers to the number of people exiting Alaska during the study period, including both Alaska residents and out-of-state visitors. These figures include passengers onboard planes exiting the state; cruise passengers sailing southbound from Alaska ports to non-Alaska ports; passengers in vehicles crossing from Alaska to the Yukon on the four highways; and passengers onboard Alaska Marine Highway vessels sailing from Alaska to Prince Rupert and Bellingham. Excluded from the highway figure are cruise passengers on day tours from Skagway who cross the border into the Yukon, then return to Skagway the same day.

Total Traffic, by Exit Mode
AVSP V - Summer 2008

Exit Mode	Total Traffic
Air	1,130,500
Cruise ship ¹	836,500
Highway	175,400
Ferry	15,300
Total	2,157,700

¹ The total number of cruise ship visitors to Alaska in Summer 2008 was 1,033,100.

Visitor/Resident Ratios

The following table shows the percentage of traffic for each exit mode that was out-of-state visitors in summer 2008. These ratios are a composite of ratios collected by location, on a monthly basis. Because they were applied to traffic data on a monthly and by-location basis, applying them to overall traffic will not yield the same results. Details on how these ratios were collected and applied to traffic data can be found in the AVSP V Summer 2006 report.

It is important to note that the highway ratio refers to highway travelers who are exiting the state for the final time on their trip. This eliminates the possibility of double-counting visitors who exit the state twice – for example, ferry passengers who exit the state at Beaver Creek, then re-enter at Haines to board a ferry.

Visitor/Resident Ratios, by Mode
AVSP V - Summer 2008

Exit Mode	Percentage Visitors
Domestic Air	70.8%
International Air	77.1%
Highway ¹	34.2%
Ferry	68.2%
Cruise ship	100.0%
Total	79.1%

¹ The highway ratio refers to "last-exit" visitors: not planning to re-enter Alaska on the same trip.

Visitor Volume Trends

Visitor Volume

The table below shows trends in estimated visitor volume by mode of entry (2001-04) and exit (2005-08). The change from entry to exit methodology does not affect the data; the same number of visitors entered Alaska as exited Alaska in any given year. However, the data shows a large increase between the two sets of data: visitation appears to have increased 13 percent between 2004 and 2005. This is not a real increase in visitation, but rather a reflection of updated data sources and methodology. For further detail on the differences between the two sets of data, please refer to the full *Alaska Visitor Statistics Program V, Summer 2006* report.

The summer of 2008 saw a 0.4 percent decrease in visitor volume from summer 2007, or 7,000 fewer visitors. Most of the decline can be attributed to the 1.3 percent drop in air passenger exits (11,000 visitors). Although the highway and ferry modes also show fewer visitor exits, the number of visitors represented by these drops (4,700) is lower compared to the air mode. The only growth in terms of exit mode was cruise passengers, which grew by 1.1 percent.

The drop in highway visitors was not consistent across locations. The number of visitors exiting via the Alcan highway dropped by 18 percent; exits on the Haines Highway dropped by 15 percent; exits on the Top of the World Highway dropped by 9 percent; and exits via the Klondike Highway grew by 7 percent.

**Trends in Visitor Volume, By Entry/Exit Mode, 2001-2008
AVSP V - Summer 2008**

	2001	2002	2003	2004	2005	2006	2007	2008	% change 2007-08
Air	588,900	594,300	592,900	635,600	786,700	795,900	811,300	800,600	-1.3%
Cruise ship	510,000	581,000	620,900	712,400	761,100	758,100	827,800	836,500	+1.1%
Highway	86,700	82,900	80,400	83,200	72,100	65,800	64,300	59,900	-6.8%
Ferry	17,200	16,800	15,900	16,200	12,100	11,700	10,700	10,400	-2.8%
Total	1,202,800	1,275,000	1,310,100	1,447,400	1,632,000	1,631,500	1,714,100	1,707,400	-0.4%
% change	n/a	+6.0%	+2.8%	+10.5%	+12.8%	0.0%	+5.1%	-0.4%	

Note: 2001-04 data based on entry mode; 2005-08 data based on exit mode.

Sources: 2001-04 data from *Alaska Visitor Arrivals* studies (conducted by Northern Economics, Inc.); 2005-08 data based on 2006 visitor/resident ratios obtained for AVSP V (conducted by McDowell Group, Inc.).

Cruise Volume Trends

The table below shows that total cruise passenger volume increased by 50 percent between 2001 and 2008. Readers are reminded that the cruise traffic cited previously refers only to cruise passengers either exiting or entering the state via cruise ship. The total cruise volume in the table below includes all visitors who overnighed on a cruise ship during their visit to Alaska, regardless of their mode of entry/exit.

Alaska Cruise Passenger Volume, 2001-2008

	2001	2002	2003	2004	2005	2006	2007	2008
Cruise volume	690,600	739,800	777,000	884,400	953,400	958,900	1,029,800	1,033,100
% change	+7.8%	+7.1%	+5.0%	+13.8%	+7.8%	+0.6%	+7.3%	+0.3%

Source: Cruise Line Agencies of Alaska.

Total Traffic

The following table, showing total traffic data (as opposed to visitor volume), provides another method for comparison between the two sets of data for individual travel modes. Because resident travel is not likely to have fluctuated dramatically over the study period, the trends in traffic data are generally indicative of the overall visitor market.

Trends in Traffic, By Entry/Exit Mode, 2001-2008
AVSP V - Summer 2008

	2001	2002	2003	2004	2005	2006	2007	2008	% change 2007-08
Air	992,700	1,006,000	1,003,000	1,075,000	1,103,900	1,117,900	1,142,900	1,130,500	-1.1%
Cruise ship	510,000	581,000	620,900	712,400	761,100	758,100	827,800	836,500	+1.1%
Highway	222,400	213,900	207,300	210,900	214,500	199,300	194,200	175,400	-9.7%
Ferry	24,100	23,700	22,400	22,800	17,800	17,500	16,400	15,300	-6.7%
Total	1,749,200	1,824,600	1,853,600	2,021,100	2,097,300	2,092,800	2,181,300	2,157,700	-1.1%
% change	+4.3%	+1.6%	+9.0%	+3.8%	-0.2%	+4.2%	-1.1%		

Sources: 2001-04 data from *Alaska Visitor Arrivals* studies (conducted by Northern Economics, Inc.); 2005-08 data based on 2006 visitor/resident ratios obtained for AVSP V (conducted by McDowell Group, Inc.).

Note: Highway traffic for 2001-04 was adjusted to be comparable to 2005-08 data. Traffic data for 2001-04 formerly excluded vehicles that entered the state twice ("double-counted" traffic).